



# iShares Diversified Model Portfolios

## Q4 2014



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### Core portfolio solutions with iShares ETFs

iShares ETFs offer many ways to benefit from the broad landscape of investment markets and can be used to create a diversified portfolio. Your approach depends on what you want to achieve: investing for growth or for income; diversifying an existing portfolio; or investing through different risk profiles. The simple and flexible nature of iShares ETFs means they can play a central role in any investment portfolio. In consultation with your investment adviser you can adopt a number of strategies using iShares ETFs to get market exposure very quickly and easily to express your views and meet your investing objectives.

### Selecting a profile to express your objectives

In order to help investors determine the outcomes that might reflect their investing profile, many investors consult with financial advisors. They would typically be allocated a risk tolerance based upon many factors such as age, income, investable assets, knowledge and interest in investments to name a few. The following risk spectrum is commonly utilised in this process.

Conservative	Moderate	Balanced	Growth	Aggressive
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iShares ETFs provide simple, easy and cost-effective ways to invest the core of a portfolio. There are many ways to put a group of iShares ETFs together for the purpose of constructing a diversified portfolio. In this example we show how combining a small number of iShares ETFs with a cash allocation, can give investors a portfolio that expresses their individual risk preference.

### Using iShares ETFs to create your portfolio

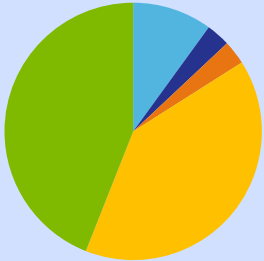
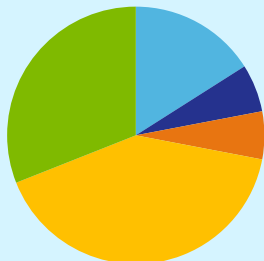
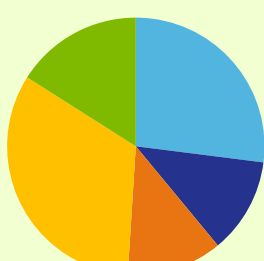
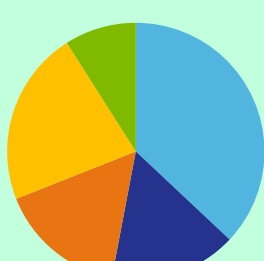
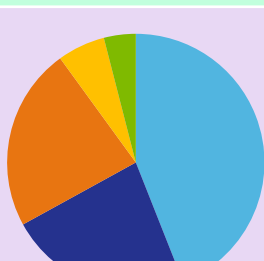
Five diversified model portfolios are presented matching the five risk categories outlined; Conservative, Moderate, Balanced, Growth and Aggressive. These portfolios are based on average portfolio allocations across asset classes by Australian managed funds in these categories. They are meant to be illustrative only and demonstrate a range of investment outcomes. They are not intended to be investment advice.

The following 4 iShares ETFs have been chosen for illustrative purposes as they give broad and low cost exposure to distinct asset classes.

Name	ASX Ticker	Asset Class	Management Costs
<a href="#">iShares MSCI Australia 200 ETF</a>	<a href="#">IOZ</a>	<a href="#">Australian Equity</a>	0.19%
<a href="#">iShares Core S&amp;P 500 ETF</a>	<a href="#">IVV</a>	<a href="#">International (US) Equity</a>	0.07%
<a href="#">iShares MSCI EAFE ETF</a>	<a href="#">IVE</a>	<a href="#">International (ex-US) Equity</a>	0.34%
<a href="#">iShares Composite Bond ETF</a>	<a href="#">IAF</a>	<a href="#">Australian Fixed Interest</a>	0.24%

The start date for each of the model portfolios corresponds to the date of inception of the newest ETF in each of the portfolios. For example, the date of inception for the Conservative Model Portfolio is 31 March 2012, as the newest ETF in the portfolio is the iShares Composite Bond ETF (IAF), which has an inception date in March 2012. The performance figures and management costs relate to the model portfolios, not the individual ETFs, which together constitute each of the model portfolios. For the available performance histories of each of the ETFs that constitute the model portfolios, please visit <http://au.ishares.com/fund/performance.do> Brokerage and any other transaction costs have been ignored for the purposes of these examples, however, transaction costs, including brokerage are incurred when buying or selling units of an iShares ETF on the ASX. These will impact returns/performance of the portfolio.

The diversified model portfolios are provided for general information only and do not form recommendations to acquire, hold or dispose of any investment.

Profile	iShares ETFs	Portfolio Management Costs	Return Since Inception*
Conservative	 <ul style="list-style-type: none"> <li>10% iShares MSCI Australia 200 ETF (IOZ)</li> <li>3% iShares Core S&amp;P 500 ETF (IVV)</li> <li>3% iShares MSCI EAFE ETF (IVE)</li> <li>40% iShares Composite Bond ETF (IAF)</li> <li>44% Australian Cash</li> </ul>	0.13%	7.16%
Moderate	 <ul style="list-style-type: none"> <li>16% iShares MSCI Australia 200 ETF (IOZ)</li> <li>6% iShares Core S&amp;P 500 ETF (IVV)</li> <li>6% iShares MSCI EAFE ETF (IVE)</li> <li>41% iShares Composite Bond ETF (IAF)</li> <li>31% Australian Cash</li> </ul>	0.15%	8.34%
Balanced	 <ul style="list-style-type: none"> <li>27% iShares MSCI Australia 200 ETF (IOZ)</li> <li>12% iShares Core S&amp;P 500 ETF (IVV)</li> <li>12% iShares MSCI EAFE ETF (IVE)</li> <li>33% iShares Composite Bond ETF (IAF)</li> <li>16% Australian Cash</li> </ul>	0.18%	11.10%
Growth	 <ul style="list-style-type: none"> <li>37% iShares MSCI Australia 200 ETF (IOZ)</li> <li>16% iShares Core S&amp;P 500 ETF (IVV)</li> <li>16% iShares MSCI EAFE ETF (IVE)</li> <li>22% iShares Composite Bond ETF (IAF)</li> <li>9% Australian Cash</li> </ul>	0.19%	13.55%
Aggressive	 <ul style="list-style-type: none"> <li>44% iShares MSCI Australia 200 ETF (IOZ)</li> <li>23% iShares Core S&amp;P 500 ETF (IVV)</li> <li>23% iShares MSCI EAFE ETF (IVE)</li> <li>6% iShares Composite Bond ETF (IAF)</li> <li>4% Australian Cash</li> </ul>	0.19%	15.85%

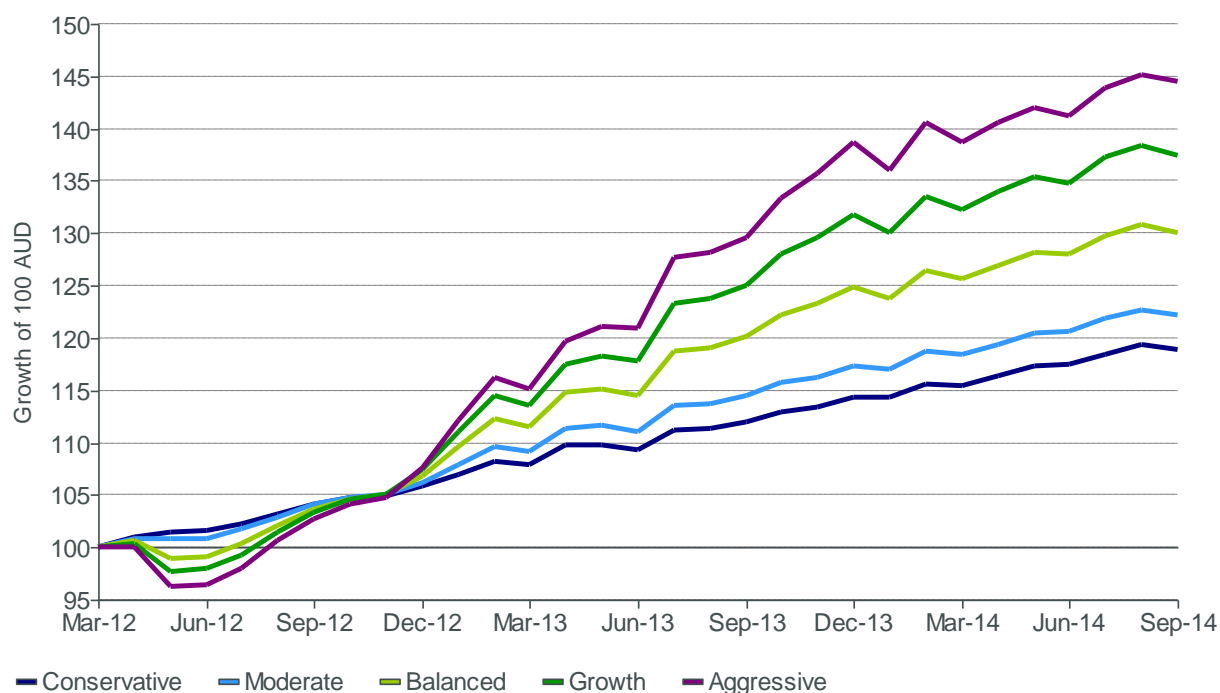
Past performance is not indicative of future performance. An iShares fund is not actively managed. The model portfolios are provided for general information only and do not form a recommendation to acquire, hold or dispose of any investment.

\*Annualised portfolio total return from inception 31 March 2012 through to 30 September 2014.

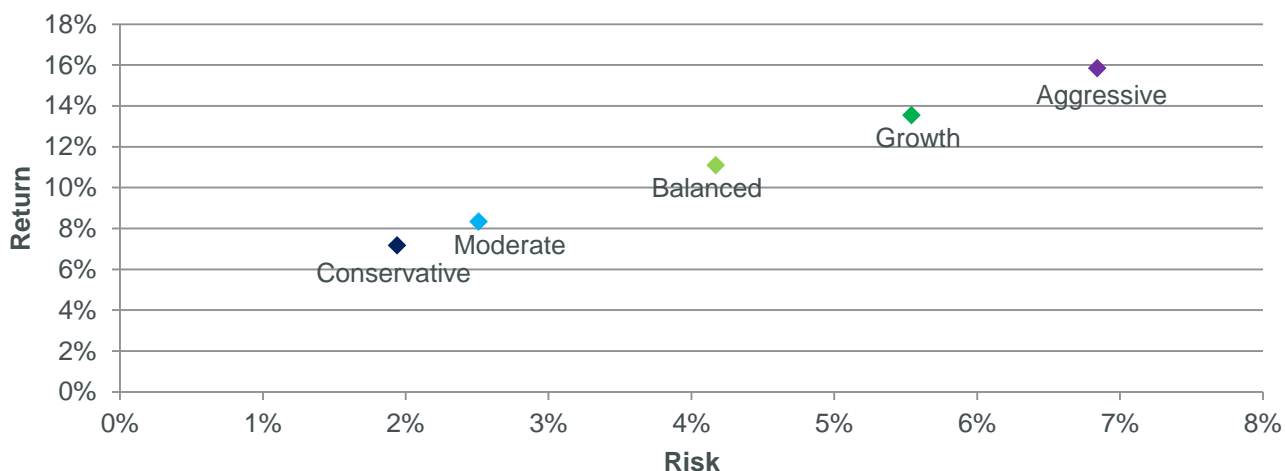
Sources: BlackRock, Bloomberg, as at 30 September 2014.

## iShares Model Portfolio Performance

	Conservative (%)	Moderate (%)	Balanced (%)	Growth (%)	Aggressive (%)
1 month	-0.34	-0.45	-0.56	-0.75	-0.51
3 months	1.15	1.23	1.57	1.91	2.35
6 months	2.99	3.23	3.59	3.85	4.19
1 year	6.10	6.69	8.35	9.92	11.45
Since Inception*	7.16	8.34	11.10	13.55	15.85



### Risk/Return since inception\*



\*Risk and return for periods greater than one year are annualised. Model portfolio inception date 31 March 2012.

Past performance is not indicative of future performance. The model portfolios are rebalanced twice yearly and transaction costs are incurred when buying or selling units of an iShares fund on the ASX. Brokerage commissions are also incurred if such trades are done through a broker. These costs have been ignored for the purposes of this example. The model portfolios are provided for general information only and do not form a recommendation to acquire, hold or dispose of any investment.

Sources: BlackRock, Morningstar, MPI Stylus Pro, 30 September 2014.

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**IMPORTANT INFORMATION**

**Before investing in an iShares exchange traded fund, you should carefully consider whether such products are appropriate for you, read the applicable product disclosure statement ("PDS") or prospectus available at [iShares.com.au](http://iShares.com.au) and consult an investment adviser.**

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